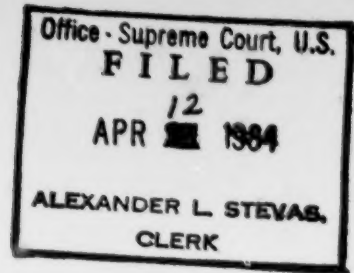


(3) 88-1939



Case No.

SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1983

PROFESSIONAL POSITIONERS, INC.
A WISCONSIN CORPORATION
PROFESSIONAL POSITIONERS, INC.
A DELAWARE CORPORATION
GERALD W. HUGE
RICHARD W. ALLESEE

PETITIONERS-DEFENDANTS,

VS.

T.P. LABORATORIES, INC.
AN INDIANA CORPORATION

RESPONDENT-PLAINTIFF.

ON APPEAL FROM
THE COURT OF
APPEALS FOR
THE FEDERAL
CIRCUIT APPEAL
83-660 CROSS
APPEAL 83-680

APPENDIX B TO PETITION FOR WRIT OF CERTIORARI

ALLAN B. WHEELER
606 W. WISCONSIN AVE.
MILWAUKEE, WIS. 53203
414-271-1318
414-278-7733

ATTORNEY FOR DEFENDANTS

84 pp



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Court of Appeals, Federal Circuit

TP Laboratories, Inc. v.
Professional Positioners, Inc. et al.

Nos. 83-660 and 83-680

Decided Jan. 4, 1984

Consolidated appeals from District Court
for Eastern District of Wisconsin, Warren J.

Action by TP Laboratories, Inc., against
Professional Positioners, Inc. (Wisconsin),
Professional Positioners, Inc. (Delaware),
Gerald W. Huge, and Richard W. Allesse, for
patent infringement. From judgment for defen-
dant in part, both parties appeal. Affirmed
in part, reversed in part and remanded.

Lloyd L. Zickert, Chicago, Ill. (Glenn
W. Ohlson, Chicago, Ill., on the brief), for
plaintiff.

Allan B. Wheeler, Milwaukee, Wis., for
defendants.

Before Markey, Chief Judge, Skelton,
Senior Circuit Judge, and Nies, Circuit Judge.

Nies, Circuit Judge.

These appeals are from the October 27, 1982 judgment of the United States District Court for the Eastern District of Wisconsin (Warren, J.) dismissing a charge of infringement of a patent for an orthodontic appliance. Sitting without a jury, the court held U.S. Patent No. 3,178,820 ('820), owned by TP Laboratories, Inc. (TP), invalid under 35 U.S.C. § 102(b), on the ground that a public use occurred more than one year prior to the filing date of the application for the subject patent.

TP appeals the holding of invalidity. TP admits that the inventor used the dental appliance on three orthodontal patients during the critical period but asserts that such use

was non-barring experimental use. On this issue we agree with appellant and reverse. However, since the issue of whether the accused devices are infringements, as well as other issues, were not decided, it is necessary to remand.

In the cross-appeal Professional Positioners et al. (PRO) appeal the denial of an award of attorney fees under 35 U.S.C. § 285, and seek an increase in the amount awarded under Rule 37(d) of the Fed. R. Civ. P. for costs attributable to TP's late production of certain documents during discovery. We affirm the district court's decisions on these matters.

Our jurisdiction is found in 28 U.S.C. § 1295(a)(1).

I

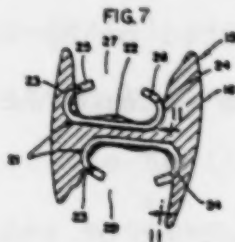
Appellant-plaintiff, TP Laboratories, Inc., makes and sells orthodontic supplies and appliances to the dental profession. TP Laboratories is a separate business from the professional practice of the Kesling and Rocke Orthodontic Group (K&R), a group of four orthodontists, Doctors Harold D. Kesling, Robert A. Rocke, Peter C. Kesling and David I. Kesling, but the firms are closely connected. The record before us shows that Dr. Harold Kesling, now deceased, (Kesling), who is the inventor named in the patent in suit, was an officer and one of the owners of TP Laboratories. Dr. Peter Kesling is president. The two businesses share a small building and employ the same office manager.

Kesling conceived and made the first proto-type of the invention of the patent in suit in 1956. It was not, however, until

February 19, 1962, that Kesling filed a patent application on his invention for which the '820 patent was granted on April 20, 1965. On November 1, 1965, the patent was assigned to TP Laboratories.

The subject matter of the '820 patent is a molded tooth positioning appliance which is to be worn several hours a day by a person undergoing orthodontal treatment. The general type of device is not new. The improvement by Kesling lies in placing wires in the device which fit in the embrasure area between the teeth and keep the appliance in position without the necessity of the patient exerting constant jaw pressure. The wires are referred to as "seating devices," "seating springs," "precision seating springs," "springs," or "metal adjuncts." Because of the shape, as

seen below, the invention is also referred to as a tooth positioner with "C's":



This figure is a transverse sectional view illustrating one form of positioning means or clip employed for obtaining proper positioning of the dental appliance in a person's mouth.

The use of tooth positioners with C's in the treatment of three K&R patients during the period 1958-61 led to the issues under 35 U.S.C. § 102(b). It is undisputed that these three devices fell within the language of the '820 claims and no modification of design was made as a consequence of these uses. The evidence which established these uses was found in the patient records of K&R and the underlying facts are not in dispute. Appel-

lant characterizes these uses as secret and/or experimental; appellees urge that they are, as found by the district court, public uses within the meaning of the statute.

The first use of the claimed invention on a patient occurred on August 25, 1958. Orthodontal treatment of this patient (Furst) spanned the time period between February 1958 and April 1964. Use of the device terminated after approximately two months. During discovery, the device itself was produced, having been retained by K&R in the patient's model box. This patient's mandibular model from the model box was inscribed "experimental wires." Over the six year period of treatment, this patient was also fitted with other devices, retainers as well as positioners not embraced by the '820 claims.

Another patient (Rumley-Brady) who had begun treatment in August 1958 was supplied

with a tooth positioner equipped with C's on November 10, 1959. Entry on the record card of this patient indicates "results fair" on December 18, 1959; "results better" on February 5, 1960, and "results good" on August 1, 1960. Nevertheless, use of the device was discontinued on January 16, 1961, in favor of retainers, because certain spacing irregularities were not being corrected. The same positioner with C's was again prescribed on May 5, 1961, and was used in conjunction with various other devices until at least March of 1962. The patient missed a later scheduled appointment which is the last entry on her card.

A positioner with C's was prescribed for a third patient (Spiers-Elliott) on November 1, 1960. Its use apparently was discontinued about three months later, a different device

being mailed to the patient on February 2, 1961. During the treatment of this patient, which spanned the period of time between January 21, 1960, and November 24, 1961, three different positioners were prescribed, only one of which was embraced by the '820 claims.

The initial use in each of the above cases occurred prior to the critical date of February 19, 1961. During the years 1958-60, K&R placed 606 tooth positioners, of which only the three described above were within the claims of '820. In 1961, after the critical date, 28 tooth positioners with C's were prescribed by K&R out of a total of 151.

The above devices were made for the K&R patients by TP, including C's handmade by Kesling. There is no evidence that K&R charged patents [sic] specifically for any positioner. With two of the three patients,

K&R followed its regular practice of setting a fixed total fee for professional services, which included necessary appliances. One patient (Furst), whose father was a dentist, received free treatment as a professional courtesy.

Sales of the patented device to other orthodontists began in 1966, that is, only after TP's acquisition of the patent. Appellees, Hugu and Allessee, had no knowledge of the invention even though employed at TP prior to 1961.

The district court did not rule on whether appellees' allegedly infringing devices came within the scope of the claims of the '820 patent and we know only that infringement is charged since 1972.

[2] More specifically, courts have discerned a number of factors which must be weighed in applying the statutory bar of § 102(b).² Operating against the inventor are the policies of 1) protecting the public in its use of the invention where such use began prior to the filing of the application, 2) encouraging prompt disclosure of new and useful information, 3) discouraging attempts to extend the length of the period of protection by not allowing the inventor to reap the benefits for more than one year prior to the filing of the application. In contrast to these considerations, the public interest is also deemed to be served by allowing an inventor time to perfect his invention, by public testing, if desired, and prepare a patent application.

II

A

The patent statute provides in pertinent part in 35 U.S.C. § 102:

A person shall be entitled to a patent unless -

* * *

(b) the invention was . . . in public use . . . in this country, more than one year prior to the date of the application for patent in the United States.

Decisions under this provision and comparable provisions in earlier statutes are marked by confusion and inconsistency.¹

[1] "The general purpose behind all the [102(b)] bars is to require inventors to assert with due diligence their right to a patent through the prompt filing . . . of a patent application." 2 D. Chisum, Patents § 601 (1981 & Supp. 1983).

The district court's consideration of the issue of public use proceeded according [sic] to the following two-step analysis:

Consequently, the first step in analyzing Pro's 35 U.S.C. § 102(b) assertion is to determine whether a public use occurred. If a public use is found, then the Court must ascertain whether the use was not a public use under the statute because it was experimental.

As to the first step, the district court reasoned:

The evidence in this case clearly establishes use by at least three patients more than one year prior to the application date. Furthermore, these users were "under no limitation, restriction or obligation of secrecy to the inventor." *Randolph v. Allis-Chalmers Manufacturing Co.*, 264 F.2d at 535 [120 USPQ at 513]. Certainly there is no evidence to the contrary and there is testimony to support such a finding Consequently, the Court can only conclude that the patients were under no obligations of secrecy or for that matter any restrictions.

TP argues that these items were in secret because even the patients were not aware of the "testing." this is not significant. The plain fact is that the claimed invention was not kept secret. It was open to public observation without restriction which is sufficient to constitute "public use." See *Egbert v. Lippmann*, 104 U.S. 333 (1881). Furthermore, Dr. Furst was aware that the precision seating springs were a new device In addition, several of Mrs. Spiers Elliott's associates saw the device. Consequently, the feigned secrecy relied upon by TP accords it no aid in claiming that the "use" was not "public."

On the second issue as perceived by the district court, the court placed a heavy burden of proof on the patent owner to prove that the inventor's use had been experimental and expressly found that TP did not carry that "burden." In the words of the court:

The inventor bears a heavy burden of showing that the public use was bona fide experimentation.

* * *

The experimental exception is unavailable to plaintiff TP for two reasons. First, the evidence presented does not establish that the patentee was conducting a bona fide experiment. On the contrary, the record shows that the uses were random and poorly monitored. The only records kept by Dr. H. Kesling were the patient records. Dr. H. Kesling, the inventor, did not always evaluate how well the precision seating springs worked when the patients visited the clinic. Other doctors often made evaluations of performance. Furthermore, while the issue of experimentation is in effect a matter of the inventor's intent, in the present case the evidence indicates that his intent was not experimentation. In experimenting on a prior "invention," Dr. H. Kesling kept accurate records of the results of his experiments. In the present case, the records are scanty at best.

It is important to note that the burden was on the plaintiff TP to show that use was a genuine experiment. Accurate records of the results of an experiment are certainly an indicia that the use was a bona fide experiment. In contrast the dearth of such records indicate that the use was not an experiment. The experimental use exception "is to be guarded closely." *Atlas Chemical Industries, Inc. v. Moraine*

Products, [509 F.2d 1, 4] 184 USPQ 281, 283 (6th Cir. 1974). TP has simply failed to prove that the inventor, Dr. H. Kesling, was conducting a bona fide experiment.

Assuming, however, that the use was experimental, the delay in filing the patent application was unreasonable. The first use of the invention was in August of 1958. By April of 1959, Dr. H. Kesling knew that the precision seating sprigs operated as designed Nevertheless, Dr. H. Kesling waited until February 19, 1962 to file his patent application. Significantly, the claimed invention disclosed in figure 7 of the patent in suit is substantially the same as the precision seating spring disclosed in the positioner . . . supplied to Nancy Furst in August of 1958.

* * *

The delay here was unreasonable because the device proved satisfactory immediately. At least as early as 1960 Dr. Kesling learned that the invention was workable. At that point his time began to run under 35 U.S.C. § 102(b). Even if he had made minor improvements over the period, all this Court needs [sic] find is that the application was filed more than one year after the basic invention was disclosed within the meaning of section 102(b).

Franz Manufacturing Co. v. Phenix Manufacturing Co., 457 F.2d 314 [173 USPQ 266] (7th Cir. 1972). This Court is of the opinion that when an experiment tolls section 102(b), the one-year period of limitations commences to run when the invention disclosed proves workable.

We disagree with this analysis and the shift in the burden of proof which led the district court to an erroneous result.

B

It is not public knowledge of his invention that precludes the inventor from obtaining a patent for it, but a public use or sale of it.

[3] The above quotation is from *City of Elizabeth v. American Nicholson Pavement Co.*, 97 U.S. 126, 136 (1877), which is the starting place for analysis of any case involving experimental use. There, a toll road, built according to the invention of the patent in suit, was in daily use for a period of 6 years before the inventor filed for a patent. In

upholding the validity of the patent, the Supreme Court spoke with clarity but through the years the guidelines set forth therein have been obfuscated. Returning to the original, we quote the following passages which are particularly pertinent to our analysis here:

That the use of the pavement in question was public in one sense cannot be disputed. But can it be said that the invention was in public use? The use of an invention by the inventor himself, or of any other person under his direction, by way of experiment, and in order to bring the invention to perfection, has never been regarded as such a use. Curtis, Patents, sect. 381; Shaw v. Cooper, 7 Pet. 292.

Now, the nature of a street pavement is such that it cannot be experimented upon satisfactorily except on a highway, which is always public.

When the subject of invention is a machine, it may be tested and tried in a building, either with or without closed doors. In either case, such use is not a public use, within the meaning of the statute, so long as the inventor is engaged, in good faith, in testing its operation. He may see cause to alter it and improve it, or not. His experiments

will reveal the fact whether any and what alterations may be necessary. If durability is one of the qualities to be attained, a long period, perhaps years, may be necessary to enable the inventor to discover whether his purpose is accomplished. And though, during all that period, he may not find that any changes are necessary, yet he may be justly said to be using his machine only by way of experiment; and no one would say that such a use, pursued with a bona fide intent of testing the qualities of the machine, would be a public use, within the meaning of the statute. So long as he does not voluntarily allow others to make it and use it, and so long as it is not on sale for general use, he keeps the invention under his own control, and does not lose his title to a patent.

It would not be necessary, in such a case, that the machine should be put up and used only in the inventor's own shop or premises. He may have it put up and used in the premises of another, and the use may inure to the benefit of the owner of the establishment. Still, if used under the surveillance of the inventor, and for the purpose of enabling him to test the machine, and ascertain whether it will answer the purpose intended, and make such alterations and improvements as experience demonstrates to be necessary, it will still be a mere experi-

mental use, and not a public use, within the meaning of the statute.

Whilst the supposed machine is in such experimental use, the public may be incidentally deriving a benefit from it. If it be a grist-mill, or a carding-machine, customers from the surrounding country may enjoy the use of it by having their grain made into flour, or their wool into rolls, and still it will not be in public use, within the meaning of the law.

But if the inventor allows his machine to be used by other persons generally, either with or without compensation, or if it is, with his consent, put on sale for such use, then it will be in public use and on public sale, within the meaning of the law.

97 U.S. at 134-35.

In the decision on appeal, the trial court looked for proof of an exception to the public use bar. However, in Elizabeth, the Supreme Court did not refer to "experimental use" as an "exception" to the bar otherwise created by a public use. More precisely, the Court reasoned that, if a use is experimental,

even though not secret, "public use" is negated. This difference between "exception" and "negation" is not merely semantic. Under the precedent of this court, the statutory presumption of validity provided in 35 U.S.C. § 282 places the burden of proof upon the party attacking the validity of the patent, and that burden of persuasion does not shift at any time to the patent owner. It is constant and remains throughout the suit on the challenger. As stated in Richdel, Inc. v. Sunspool Corp., 714 F.2d 1573, 219 USPQ 8, 11-12 (Fed. Cir. 1983):

35 USC 282 permanently places the burden of proving facts necessary to a conclusion of invalidity on the party asserting such invalidity. Stratoflex, Inc. v. Aeroquip Corp., 713 F.2d 1530, 218 USPQ 871 (Fed. Reg. 1983); Solder Removal, supra, 582 F.2d at 633, 199 USPQ at 133.

[4] Under this analysis, it is incorrect to impose on the patent owner, as the trial

court in this case did, the burden of proving that a "public use" was "experimental." These are not two separable issues. It is incorrect to ask "Was it public use?" and then, "Was it experimental?" Rather, the court is faced with a single issue: Was it public use under § 102(b)?

[5,6] Thus, the court should have looked at all of the evidence put forth by both parties and should have decided whether the entirety of the evidence led to the conclusion that there had been "public use." This does not mean, of course, that the challenger has the burden of proving that the use is not experimental. Nor does it mean that the patent owner is relieved of explanation. It means that if a prima facie case is made of public use, the patent owner must be able to point to or must come forward with convincing

evidence to counter that showing.³ See Strong v. General Electric Co., 434 F.2d 1042, 1044, 168 USPQ 8,9 (5th Cir. 1970). The length of the test period is merely a piece of evidence to add to the evidentiary scale. The same is true with respect to whether payment is made for the device, whether a user agreed to use secretly, whether records were kept of progress, whether persons other than the inventor conducted the asserted experiments, how many tests were conducted, how long the testing period was in relationship to tests of other similar devices. In other words, a decision on whether there has been a "public use" can only be made upon consideration of the entire surrounding circumstances.

[7] While various objective indicia may be considered in determining whether the use is experimental, the expression by an inventor

of his subjective intent to experiment, particularly after institution of litigation, is generally of minimal value. In re Smith, 714 F.2d at 1127, 218 USPQ at 976.

C

[8] Applying the principles set forth above to this case, that non-secret uses of the device were made prior to the critical date is not in itself dispositive of the issue of whether activity barring a patent under 35 U.S.C. § 102(b) occurred. Minnesota Mining & Manufacturing Co. v. Johnson & Johnson, 179 USPQ 216, 220 (N.D. Ill 1973). The fact that the device was not hidden from view may make the use not secret but non-secret use is not ipso facto "public use" activity. City of Elizabeth v. American Nicholson Pavement Co., 97 U.S. at 136. Nor, it must be added, is all secret use ipso facto not "public use" within

the meaning of the statute, if the inventor is making commercial use of the invention under circumstances which preserve its secrecy.

[9] Turning to the instant case, we note first that disclosure of the seating device to patients could not be avoided in any testing. In some circumstances, no doubt it would be significant that no pledge of confidentiality was obtained from the user. In the circumstances of use by orthodontal patients, we attach no importance to the fact that the doctor did not ask a patient to swear to secrecy. As in City of Elizabeth, testing of the device had to be public to some extent and it is beyond reasonable probability that a patient would show the device to others who would understand the function of the C's or would want to duplicate the device. One is all that is needed and, if lost or broken, the

patient would expect it to be replaced by the treating dentist.

In any event, a pledge of confidentiality is indicative of the inventor's continued control which here is established inherently by the dentist-patient relationship of the parties. Nothing in the inventor's use of the device on his patients (or the transfer to them) is inconsistent with experimentation. Similarly, the routine checking of patients by one of the other K&R orthodontists does not indicate the inventor's lack of control or abandonment to the public.

Secondly, the finding is clearly erroneous that the invention "proved satisfactory immediately," or "by April of 1959." In this connection, it is noted that the '820 patent itself describes a utility of the patented device for correcting orthodontal irregulari-

ties as "urging teeth into preselected positions." The patient records discussed above indicate that treatment to correct such orthodontal irregularities can range from two to six years. Moreover, while results appeared to be good within six months use by one patient, the variable of patient cooperation cannot be checked by one patient alone. Use on three patients is not an obviously excessive number. In other words, the test for success of the improvement was not whether it could be used at all, but whether it could be said to work better in patients than a positioner without C's. Again, as in City of Elizabeth, the test of necessity had to run for a considerable time and on several patients before the inventor could know whether "it was what he claimed it to be" and would "answer the purpose intended."

[10] A factor in favor of the patentee is that during this critical time the inventor had readily available all of the facilities of TP to commercially exploit the device. Yet, no positioners with C's were offered competing orthodontists despite the fact this was one facet of the inventor's total business activity. Further, the inventor made no extra charge for fitting the three patients with the improved positioners although that in itself is not critical. The facts here indicate the inventor was testing the device, not the market. No commercial exploitation having been made to even a small degree prior to filing the patent application, the underlying policy of prohibiting an extension of the term is clearly not offended in this respect.

Indeed, none of the policies which underlie the public use bar and which, in effect,

define it have been shown to be violated. At most, the record shows that the uses were not secret, but when the evidence as to the facts of use by the inventor is considered as a whole, we conclude that appellees failed to prove that the inventor made a public use of the subject invention within the meaning of 35 U.S.C. § 102(b). The patent may not be held invalid on this ground.

III

Fees Under Rule 37(d) of the Fed. R. Civ. P.

No error or abuse of discretion is found in the award of fees to appellees under Rule 37(d) or in the amount of the award. Appellant's premise that no order of the court was violated by its failing to produce certain invoices ignores the scope of the December 31, 1975 order. In PRO's motion leading to that order "All invoices . . . to Kesling-Rocke

Orthodontic Center" were specifically designated and thus, the withheld invoices fall under its terms.

IV

PRO's cross-appeal from the district court's denial of attorney fees under 35 U.S.C. § 285 is dismissed as moot. In view of our disposition of the appeal, PRO is no longer a prevailing party to whom an award should be made. Stickle v. Heublein, Inc., 716 F.2d 1550, 1564, 219 USPQ 377, 386 (Fed. Cir. 1983).

Summary

The decision of the district court holding U.S. Patent No. 3,178,820 invalid is reversed. The decision of the court awarding costs and fees under Rule 37(d) is affirmed. The cross-appeal is dismissed. The case is

remanded to the district court for proceedings
consistent herewith.

Endnotes

¹Compare *Watson v. Allen*, 254 F.2d 342, 117 USPQ 68 (DC Cir. 1958) with *In re Blaisdell*, 242 F.2d 779, 113 USPQ 289 (CCPA 1957); See G.T. Welch, *Patent Law's Ephemeral Experimental Use Doctrine*, 11 *Tol. L. Rev.* 865-92 (1980); Note, *The Public Use Bar to Patentability; Two New Approaches to the Experimental Use Exception*, 52 *Minn. L. Rev.* 851 (1968); Wells & Riggins, *Public Use and Sale as a Bar to Obtaining a Patent and Its Application to Government Activities*, 18 *Am. U.L. Rev.* 43, 51-57 (1968); Pigott, *The Concepts of Public Use and Sale*, 49 *J. Pat. Off. Soc'y* 399, 411-26 (1967); Comment, *Experimentation and Public Use of Inventions - An Analysis of Appellate Anemia*, U. Ill. L. F. 585 (1960); Vassil, *Public Use; The Inventor's Dilemma*, 36 *Geo. Wash. L. Rev.* 297 (1958).

²See generally, *In re Smith*, 714 F.2d 1127, 1135, 218 USPQ 976, 983 (Fed. Cir. 1983).

³We do not read *Smith & Griggs Mfg. Co. v. Sprague*, 123 U.S. 249 (1887) as contrary to this view, as urged by appellees. However, assuming that in *Smith & Griggs*, the Court intended to impose the ultimate burden of persuasion on the patent holder rather than merely the burden of going forward with countering evidence, we do not believe that view is tenable in the face of the subsequently enacted statutory presumption. As stated in *Austin Machinery Co. v. Buckeye Traction*

Ditcher Co., 13 F.2d 697, 700 (6th Cir. 1926), where a similar argument was advanced with respect to the meaning of Smith & Griggs:

The presumption of the validity of the patent is such that the defense of invention by another must be established by the clearest proof - perhaps beyond reasonable doubt. The same rule apparently should apply to the defense of prior public use or sale by the inventor. When an actual sale in the critical period appears, it may well be that the trier of fact will mentally shift the burden of evidence necessary to show this sale to have been so modified that its existence did not make the device "on sale" within the meaning of the statute; but we see no reason why the legal burden of proof should shift, and we know of no authoritative and considered decision to that effect. It would seem that the legal and heavy burden of proof as to all the elements involved continues until the end upon one who attacks the patent grant.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

TP LABORATORIES, INC.

Plaintiff,

vs.

Case No. 72-C-697

PROFESSIONAL POSITIONERS, INC.
a Wisconsin Corporation,
GERALD W. HUGE, and
RICHARD W. ALLESEE,

Defendants.

MEMORANDUM AND ORDER

This is a patent infringement action brought by plaintiff TP Laboratories (TP) against defendant Professional Positioners (Pro) and two of Pro's stockholders, Messrs. Gerald W. Huge and Richard Allesee. TP claims that Pro infringed TP's patent No. 3,178,820 ('820) for a tooth positioning appliance having seating devices. Pro claims that it has not infringed plaintiff's patent and has in

addition filed a counterclaim seeking a declaratory judgment that TP's patent is invalid.

The patent in suit was issued to Dr. Harold D. Kesling on April 20, 1965 on an application filed February 19, 1962 (PX 1). It was later assigned to TP by Dr. H. Kesling on November 1, 1965. A trial was had on the parties' claims and the following constitutes the Court's findings of fact and conclusions of law as required by Rule 52(a) of the Federal Rules of Civil Procedure.

Subsequent to the trial of this matter, the ownership of the stock in defendant Pro changed hands. Therefore, plaintiff moved to add Professional Positioners, Inc., a Delaware corporation, and Bristol Myers Company as party defendants. By stipulation and order, Professional Positioners, Inc., a Delaware corporation, was added as a party defendant.

Nevertheless, TP persists in its efforts to add Bristol Myers. After the substantive issues are resolved, the Court will reach this procedural issue.

Plaintiff TP is an Indiana corporation which manufactures and sells custom made tooth positioning devices to orthodontists. Defendant pro (throughout the substantive portion of this memorandum, Pro refers to the original corporate defendant) is a Wisconsin corporation which manufactures custom orthodontic appliances. Jurisdiction exists pursuant to 28 U.S.C. § 1338(a) and venue properly lies in this district under 28 U.S.C. § 1400(b).

The two individual defendants are stockholders and executives of Pro. Defendant Huge, a resident of Racine, Wisconsin, is the president of Pro, is an original incorporator of Pro, is a director and controlling share-

holder of the defendant corporation, and was the principal designer of the accused infringing device. Defendant Richard W. Allesee is also a Racine resident, is a former officer and general manager of TP, is now a vice president for Pro, is a director and majority stockholder of Pro, and was charged with marketing the accused infringing appliance.

The Harold D. Kesling patent, No. 3,178,820, is directed to an improvement of a tooth positioning appliance ("positioner"). The type of positioner involved in the patent is a flexible, resilient, rubber-like one-piece body which is custom molded to fit the individual patient's teeth. The purpose of such an appliance is to complete the alignment of teeth following orthodontic treatment with conventional appliances. The claimed inven-

tion is an improvement on the positioning and seating of the tooth positioner.

The improved tooth positioning appliance of the invention included a seating device (precision seating springs) made of a material that is substantially rigid relative to the resilient material of the appliance body and which coacts with the body to enhance the seating of the appliance on the teeth of a patient and also to retain the appliance in position on the teeth without the need for constant pressure by the jaws of the patient to maintain the appliance in position. Accordingly, the results achievable by the Kesling invention as disclosed and claimed in the patent in suit are materially increased over the appliance without seating devices. The results achievable by the use of the Kesling invention in conjunction with the positioner

do not require the patient's cooperation as needed with the prior art.

Pro claims that TP is not entitled to the patent in suit because it was "in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States. . . ." 35 U.S.C. § 102(b). Pro asserts that positioners with precision seating springs were supplied to three patients, Nancy Furst, Sheila Rumely Brady, and Susan Spiers Elliot, more than one year before the patent application was filed. It is Pro's contention that providing these patients with positioners utilizing precision seating springs constituted a public use within the meaning of section 102(b). Plaintiff TP counters that, in supplying certain patients with the claimed invention, Dr. Kesling did not make a public use. Plaintiff

TP argues further, however, that, even if use was public, it was not a public use within the meaning of the statute because Dr. Kesling's use was an experiment and thus was an exception recognized by the Supreme Court in Elizabeth v. American Nicholson Pavement Co., 97 U.S. 126 (1877).

Under section 102(b), a public use of an invention causes the running of the one year period of limitations to commence. A public use within the statute is "any utilization of the invention by one other than the inventor where the user is under no limitation, restriction or obligation of secrecy to the inventor." Randolph v. Allis-Chalmers Manufacturing Co., 264 F.2d 533, 535 (7th Cir. 1959). See also Cloud v. Standard Packaging Corp., 376 F.2d 384, 390 (7th Cir. 1967); Watson v. Allen, 254 F.2d 342, 345 (D.C. Cir. 1958). If, however,

the inventor's public use is "experimental," then it is not a public use within the meaning of section 102(b). Cloud v. Standard Packaging Corp., 376 F.2d at 390; Hobbs v. Wisconsin Power & Light Co., 250 F.2d 100, 108 (7th Cir. 1957), cert. denied, 356 U.S. 932 (1958). Consequently, the first step in analyzing Pro's 35 U.S.C. § 102(b) assertion is to determine whether a public use occurred. If a public use is found, then the Court must ascertain whether the use was not a public use under the statute because it was experimental.

As indicated earlier, Pro's claim of public use arises out of Dr. Kesling having supplied positioners with precision seating springs to Nancy Furst, Shelia Rumely Brady, and Susan Spiers Elliott. Called as a witness for the defendant Pro, Dr. Harold Kesling

testified extensively concerning the appliances supplied to each of these patients.

The precision seating spring claimed in the patent was conceived in 1956. According to Dr. H. Kesling, the inventor, he first treated a patient using precision seating springs in 1958. Nancy Furst, a patient at the Kesling & Rocke Orthodontic Center where Dr. H. Kesling practiced, was initially fitted for a positioner equipped with the seating springs on July 21, 1958. Thereafter, on August 25, 1958, Ms. Furst was supplied with a new positioner possessing the seating springs. (DX 263(a); Tr. at 964-965). The positioner (DX 266) is of the design disclosed in figure 7 of the patent in suit. (Tr. at 965).

Although Dr. H. Kesling's testimony is less than definitive, apparently Sheila Rumely Brady was treated with a positioner using

precision seating springs beginning in early November, 1959. (DX 277; Transcript at 986-991). Her treatment with such a positioner was follow-up therapy to complete the positioning done by conventional means.

The next patient treated with a positioner utilizing precision seating springs was Susan Spiers Elliott. She was fitted on October 25, 1960 and the positioner was put into place on November 1, 1960. (DX 286; Tr. at 982-984).

Mrs. Spiers Elliott and Mrs. Rumley Brady were each paying customers. Ms. Furst did not pay. Her father was a dentist and, thus, Ms. Furst's treatment was a professional courtesy. Since the patent application for TP's patent was filed February 19, 1962, delivery of each of the positioners utilizing

precision seating springs occurred more than one year prior to application.

The burden of proving "public use" is on the defendant in a patent infringement case. He must establish the "public use" for more than one year prior to the patent application by clear and convincing proof. United States Gypsum Co. v. National Gypsum Co., 440 F.2d 510 (7th Cir. 1971); Julian v. Drying Systems Co., 346 F.2d 336, 338 (7th Cir. 1965). The evidence in this case clearly establishes use by at least three patients more than one year prior to the application date. Furthermore, these users were "under no limitation, restriction or obligation of secrecy to the inventor." Randolph v. Allis-Chalmers Manufacturing Co., 264 F.2d at 535. Certainly there is no evidence to the contrary and there is testimony to support such a finding. (DX 355 -

deposition of Dr. B.L. Furst (Nancy Furst's father) at 9; DX 356 - deposition of Susan Spiers Elliott at 7; DX 357 - deposition of Sheila Rumely Brady at 7). Consequently, the Court can only conclude that the patients were under no obligations of secrecy or for that matter any restrictions.

TP argues that these items were in secret because even the patients were not aware of the "testing." This is not significant. The plain fact is that the claimed invention was not kept secret. It was open to public observation without restriction which is sufficient to constitute "public use." See Egbert v. Lippmann, 104 U.S. 333 (1881). Furthermore, Dr. Furst was aware that the precision seating springs were a new device. (Exh. 355 - Dr. B.L. Furst deposition at 9). In addition, several of Mrs. Spiers Elliott's

associates saw the device. Consequently, the feigned secrecy relied upon by TP accords it no aid in claiming that the "use" was not "public."

TP argues further, however, that it is entitled to the experimental exception engrafted upon 35 U.S.C. § 102(b). 2 A. Deller, Walker on Patents § 145 (2d Ed. 1964). A use for experimental purposes is not a "public use" within the meaning of section 102(b) "if it is conducted in good faith for the purpose of testing the qualities of the invention and for no other purpose not naturally incident to that." Hobbs v. Wisconsin Power & Light Co., 250 F.2d at 108. See Cloud v. Standard Packaging Corp., 376 F.2d at 390; Randolph v. Allis-Chalmers Manufacturing Co., 264 F.2d at 535. The inventor bears a heavy burden of showing that the public use was bona

fide experimentation. Cloud v. Standard Packaging Corp., 376 F.2d at 390; George R. Churchill Co. v. American Buff Co., 365 F.2d 129, 134 (7th Cir. 1966); Koehring Co. v. National Automatic Tool Co., 362 F.2d 100, 104 (7th Cir. 1966).

The experimental exception is further limited in time. An inventor is only permitted a reasonable period of experimentation. George R. Churchill Co. v. American Buff Co., supra; Hobbs v. Wisconsin Power & Light Co., supra; Moraine Products, Inc. v. Block Drug Co., 318 F. Supp. 1064 (N.D. Ill. 1970). Whether or not the use was experimental is, however, a question of fact. Moraine Products, Inc. v. Block Drug Co., supra.

The experimental exception is unavailable to plaintiff TP for two reasons. First, the evidence presented does not establish that

the patentee was conducting a bona fide experiment. On the contrary, the record shows that the uses were random and poorly monitored. The only records kept by Dr. H. Kesling were the patient records. Dr. H. Kesling, the inventor, did not always evaluate how well the precision seating springs worked when the patients visited the clinic. Other doctors often made evaluations of performance. Furthermore, while the issue of experimentation is in effect a matter of the inventor's intent, in the present case the evidence indicates that his intent was not experimentation. In experimenting on a prior "invention," Dr. H. Kesling kept accurate records of the results of his experiments. In the present case, the records are scanty at best. (Tr. at 967).

It is important to note that the burden was on the plaintiff TP to show that use was a genuine experiment. Accurate records of the results of an experiment are certainly an indicia that the use was a bona fide experiment. In contrast the dearth of such records indicate that the use was not an experiment. The experimental use exception "is to be guarded closely." Atlas Chemical Industries, Inc. v. Moraine Products, 184 U.S.P.Q. 281, 283 (6th Cir. 1974). TP has simply failed to prove that the inventor, Dr. H. Kesling, was conducting a bona fide experiment.

Assuming, however, that the use was experimental, the delay in filing the patent application was unreasonable. The first use of the invention was in August of 1958. By April of 1959, Dr. H. Kesling knew that the precision seating springs operated as designed.

This was confirmed when he treated Susan Spiers and Sheila Rumely. Miss Spiers' positioner was placed in November of 1960 and Miss Rumley's was placed in November of 1959. Furthermore, the record card (DX 277) indicates the favorable results of the precision seating springs as early as February of 1960. Nevertheless, Dr. H. Kesling waited until February 19, 1962 to file his patent application. Significantly, the claimed invention disclosed in figure 7 of the patent in suit is substantially the same as the precision seating spring disclosed in the positioner (DX 266) supplied to Nancy Furst in August of 1958. Finally, Dr. H. Kesling, the inventor, himself testified that the precision seating springs supplied to Furst, Spiers and Rumely were substantially the same as those disclosed in

figure 7 of the patent in suit. (Tr. at 1039-40).

The delay here was unreasonable because the device proved satisfactory immediately. At least as early as 1960 Dr. Kesling learned that the invention was workable. At that point his time began to run under 35 U.S.C. § 102(b). Even if he had made minor improvements over the period, all this Court needs find is that the application was filed more than one year after the basic invention was disclosed within the meaning of section 102(b). Frantz Manufacturing Co. v. Phenix Manufacturing Co., 457 F.2d 314 (7th Cir. 1972). This Court is of the opinion that when an experiment tolls section 102(b), the one-year period of limitation commences to run when the invention disclosed proves workable. Improvements, though novel, which do not advance the basic

concept disclosed, do not toll the period of limitations. Id. at 320. The evidence indicates, however, that not even novel changes were made in the basic conception in public use in 1960.

Whether this Court finds the period of experimentation unreasonably long or that Dr. H. Kesling did not conduct a bona fide experiment, the public use, as found earlier, occurred more than one year prior to the filing date of the patent application. Under 35 U.S.C. § 102(b), this public use of the basic concept invalidates the patent in suit. The invention becomes prior art which invalidates the patent. See Dix Seal Corp. v. New Haven Trap Rock Co., 236 F. Supp. 914, 916-920 (D. Conn. 1964) quoted with approval in Illinois Tool Works, Inc. v. Solo Cup Co., 461 F.2d 265, 268 (7th Cir.), cert. denied, 407 U.S.

916 (1972). See also Frantz Manufacturing Co. v. Phenix Manufacturing Co., 457 F.2d at 321. In the Illinois Tool Works case, the court discussed the policy behind section 102(b) and then held:

Once in public use, [an] invention becomes prior art and as to all later discoveries in that field, anyone else must show some "patentable" change to obtain the legal monopoly. Once the year in which to prepare and file this application has passed, the employment of a standard of patentability less stringent against the first inventor than against these others would seem to impair, if not defeat, congressional policy. 461 F.2d at 270.

See also, Frantz Manufacturing Co. v. Phenix Manufacturing Co., 457 F.2d at 320. Having found public use and having held that no alteration occurred, or that if one was made it was not patentable, the public use invalidates the TP patent.

Since the patent in suit is invalid under section 102(b), the infringement issue is moot. Furthermore, the Court need not reach the alternative grounds for invalidation of TP's patent relied upon by defendant. The only substantive issue remaining is defendant's request for costs and attorney's fees.

Although not cited by defendants in their brief, attorney's fees may be awarded to a prevailing party in "exceptionable cases" under 35 U.S.C. § 285. Apparently, even though not clearly stated, defendants do not rely upon a claim of fraud on the Patent Office to support their request for attorney's fees but instead upon a claim of extreme lack of diligence in the conduct of discovery. The latter ground for attorney's fees was recognized and utilized by the Seventh Circuit Court of Appeals in L.F. Strassheim Co. v.

Gold Medal Folding Furniture Co., 477 F.2d 818, 824 (7th Cir. 1973). The question for this Court is whether the evidence presented indicates an "extreme lack of diligence." As conceded by defendant Pro, there is currently insufficient evidence before the Court for a resolution of the attorney's fee issue. Therefore, the Court will hold additional hearings on this issue after which a determination will be made.

Finally, the Court would note that plaintiff has moved to join Bristol Myers Company as a party defendant. Plaintiff's claim that Bristol Myers has succeeded to the interests of defendant Professional Positioners, Inc. by having merged with Pro. By stipulation and order, Professional Positioners, Inc., a Delaware corporation, was made a party defendant. The stipulation indicates that Profes-

sional Positioners, Inc., a Wisconsin corporation, merged with a corporation wholly owned by Bristol Myers, Delaware Unipro, Inc., a Delaware corporation. After merger, an amendment was filed to change the name of Delaware Unipro, Inc. to Professional Positioners, Inc., a Delaware corporation. The court's order joined Professional Positioners, Inc., a Delaware corporation. Bristol Myers, then, is the owner of the defendant Professional Positioners, its subsidiary.

In light of the above resolution of this case, there is no need to add Bristol Myers as a party defendant. Therefore, plaintiff's motion must be an [sic] hereby is denied.

In summary, plaintiff's patent is invalid under 35 U.S.C. § 102(b). Therefore, it is hereby ordered that plaintiff's action is dismissed on the merits.

It is further ordered that defendants' motion for costs and attorney's fees be held in abeyance pending further hearings. Pursuant thereto a status conference is scheduled for 9:30, Wednesday, April 2, 1980.

Finally, plaintiff's motion to add Bristol Myers as a party defendant under Rule 25(c) must be and hereby is denied.

SO ORDERED this 14th day of March, 1980,
at Milwaukee, Wisconsin.

Robert W. Warren
United States District Judge

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

TP LABORATORIES, INC.,

Plaintiff,

vs.

Case No. 72-C-697

PROFESSIONAL POSITIONERS, INC.
a Wisconsin Corporation,
GERALD W. HUGE, and
RICHARD W. ALLESEE,

Defendants.

MEMORANDUM AND ORDER

On March 14, 1980, the Court entered an order holding that United States Patent No. 3,178,820 ('820), belonging to the plaintiff, TP Laboratories, Inc. (TP), was invalid under 35 U.S.C. § 102(b). The Court, however, did not rule on the defendants' request for attorney's fees or the defendants' counter-claim for harassment or abuse of process. In

addition, the plaintiff has recently filed a motion to vacate the Court's order of March 14, 1980 and to submit additional evidence. These unresolved issues are the subject of this memorandum and order.

MOTION TO VACATE

Plaintiff premises its motion to vacate on an allegation that the Court misapplied the law and ignored crucial evidence in holding that the patented device was open to the public and not experimental more than one year prior to the patent application. In addition, plaintiff has submitted affidavits from Dr. Peter Kesling and others which plaintiff alleges constitute newly discovered evidence. These affidavits present evidence which plaintiff contends refutes the Court's factual

findings regarding the issue of public use and experimentation.

Defendants oppose plaintiff's motion. They assert that the Court correctly applied the law and that its decision is completely supported by the record. Furthermore, they vigorously protest the submission of the additional affidavits because plaintiff has failed to show that the evidence is new or that it was unavailable at the time of trial. Defendants also contend that the evidence has always been available to plaintiff and that to allow additional evidence after the Court's decision would be unfair and would be inconsistent with the purposes of the trial system.

Under both Rules 59 and 60(b)(2) of the Federal Rules of Civil Procedure, the standard for reconsideration of a prior decision based on new evidence is the same. U.S. Fidelity

& Guarantee Co. v. Lawrenson, 334 F.2d 464, 465 (4th Cir.), cert. denied, 379 U.S. 869 (1964). The moving party must demonstrate that the evidence was in existence at the time of the trial and that in the exercise of due diligence, it could not be produced. Goland v. Central Intelligence Agency, 607 F.2d 339, 371 (D.C. Cir. 1978); Flett v. W.A. Alexander & Co., 302 F.2d 321 (7th Cir.), cert. denied, 371 U.S. 841 (1962); Stiers v. Martin, 277 F.2d 737 (4th Cir. 1960). Evidence in the possession of the moving party at the time of trial is not newly discovered evidence. 11 Wright & Miller, Federal Practice and Procedure, § 2589 n. 36.

In the instant case, plaintiff has failed to demonstrate that any of the additional evidence offered is newly discovered. Moreover, there is no doubt that this evidence was

in existence at the time of trial and within the plaintiff's control. Therefore, the Court finds no reason to consider the additional evidence of plaintiff.

The Court has also thoroughly reviewed its decision regarding the issue of public use and experimentation and finds no reason for any reconsideration of its decision. The arguments advanced by plaintiff have already been considered and rejected by the Court in its original decision of March 14, 1980. Nothing presented in the plaintiff's motion gives the Court cause for reconsideration. Therefore, plaintiff's motion to vacate the Court's order of March 14, 1980 must be and is hereby denied.

DEFENDANTS' REQUEST FOR
ATTORNEY'S FEES

Under 35 U.S.C. § 285, the Court is

authorized to award attorney's fees to the prevailing party in exceptional cases. In the Seventh Circuit, "exceptional cases" are not limited to situations where there has been a showing of fraud on the Patent Office. Rather, the Seventh Circuit has also used awards of attorney's fees to prevent gross injustice. Sarkes Tarzian, Inc. v. Philco Corp., 351 F.2d 557, 560 (7th Cir. 1965). Thus, the court has upheld awards of attorney's fees where a defendant exhibits an extraordinary lack of diligence in failing to make an investigation of public use or sale one year prior to the patent application, L.F. Strassheim Corp. v. Gold Medal Folding Furniture Co., 477 F.2d 818, 824 (7th Cir. 1973), where a defendant's testimony at trial was to disingenuous that it amounted to unreasonable conduct without legal justifica-

tion, Skill Corp. v. Lucerne Products, Inc., 503 F.2d 745 (7th Cir. 1974), and where a defendant acted inequitably in prosecuting a reissue application, Kearney and Trecker Corp. v. Giddings and Lewis, Inc., 452 F.2d 579, 597 (7th Cir.), cert. denied, 465 U.S. 1066 (1972).

The party seeking attorney's fees, however, bears a heavy burden of proof. In fraud cases, he must prove that there was fraud by clear and convincing evidence. Sarkes Tarzian, Inc. v. Philco Corp., 351 F.2d at 560. In other extraordinary cases, the misconduct complained of must be unambiguously shown. Airtex Corp. v. Skelly Radiant Ceiling Co., 536 F.2d 145, 155 (7th Cir. 1976).

Defendants base their claim for attorney's fees on the plaintiff's allegedly poor performance during the discovery phase of

this case. In particular, defendants assert: that the plaintiff failed to completely answer interrogatories nine and eleven; that plaintiff's present employees and officers gave false answers in their depositions regarding the existence of invoices for positioners sold by the plaintiff to Kesling & Rocke Orthodontic center; and that plaintiff failed to make an adequate search for certain records which the Court ordered them to produce for discovery.

In March of 1973, the defendants served their first set of interrogatories on the plaintiff. Interrogatory nine requested plaintiff to identify any prior art or sale or use of devices similar to the '820 known to the plaintiff or its employees prior to the filing date of the patent application. Interrogatory eleven inquired about the invention of the

patented device. In the numerous subparts to the interrogatory, defendants sought information regarding the sale of the invention, the testing period, the date of the first sale, the date of its reduction to practice, evidence or documents supporting these answers, and the names of individuals who could testify to the information requested.

In response to interrogatory nine, the plaintiff identified the prior art cited by the patent office and stated that the potential device was used experimentally prior to the filing of the application. The plaintiff did not, however, reveal the names of the patients who were provided with the experimental apparatus. Plaintiff's response to interrogatory eleven set the date of testing between 1958 and 1962 and set the date of the first sale at 1966. Furthermore, plaintiff

limited those with knowledge of the answers to Harold and Peter Kesling.

Later, at the deposition of Harold and Peter Kesling, as well as a number of their employees, defendants attempted to discover whether there existed any invoices or other records of sales to Kesling & Rocke of positioners with the patented device. Each time the question arose, the defendants stated that the plaintiff did not sell positioners to Kesling & Rocke. Dr. Harold Kesling did, however, testify at his deposition in May of 1975, that models and written records were retained for each patient and that such records would contain information relating to the use of seating springs. No records were produced. He also stated that he knew of no way it could be established what form of seating springs were used on a patient without a

patient record which he denied existed. Later, at least with regard to Nancy Furst, patient records and a model of the positioner were discovered.

Dr. Peter Kesling testified at his deposition on February 28, 1976, that TP Labs did not charge Kesling & Rocke for positioners and denied that there were any invoices for any of the positioners made for Kesling & Rocke. According to Dr. Peter Kesling, Kesling & Rocke was not a paying customer of TP Labs. Other representatives of plaintiff testified in their depositions that there were not records kept which predated 1970. See Deposition of Melvin Myers, Feb. 26, 1976.

This testimony was, however, contradicted by statements of Jean Squires who stated that she made a search of the record storage area known as the loft in 1970 or 1974 per

order of Dr. Peter Kesling. She was specifically searching [sic] for record treatment cards with notations that C's or seating springs were used. The records searched were prior to 1970.

Despite the assertions of plaintiff's employees, in the summer of 1976, two of plaintiff's employees discovered a number of invoices from TP Labs to Kesling & Rocke in the loft storage areas while Dr. Kesling was out of the country. These invoices were dated prior to the application for the patent and indicated that the plaintiff, in fact, billed Kesling & Rocke for the positioners it made. The invoice also indicated that in three instances positioners with the patented device had been sold to Kesling & Rocke one year prior to the application.

According to James Schultz, one of the employees involved in the search which revealed these records, the records were found behind a group of shelves in the loft. Mr. Myers was one of the employees who had earlier stated that no records were kept prior to 1970 and that the plaintiff never billed Kesling & Rocke for positioners.

The plaintiff notified the defendants' counsel of the existence of the invoices sometime in August of 1976. This was also after the deposition of Norma Cook and Enid Happer, two former employees of plaintiff, who testified as to the existence of the invoices. At the time of Cook's deposition, Mr. Myers was aware of the existence of the new records, but did not reveal it, although he attended the deposition. Instead, he waited until Dr. Peter Kesling returned from Europe. Because

of the newly discovered evidence, the defendants requested and were granted additional time for discovery. Additional depositions of plaintiff's employees indicated that there had never been any concerted effort to look for the invoices or other records. Deposition of Warren Anderson, Dec. 14, 1976; Deposition of Dr. Peter Kesling, Dec. 14, 1976 at pp. 5-11.

Because plaintiff's employees and officers had originally denied the existence of these invoices, defendants were forced to conduct numerous depositions of former employees of the plaintiff, including Robert Harris, Mrs. Harlan Cook and Enid Happer. Each of these witnesses testified to the existence of the invoices and bills to Kesling & Rocke.

Defendants view the plaintiff's action as a deliberate attempt to avoid and hamper discovery. Therefore, they contend that the

Court should award attorney's fees in this case.

Plaintiff, in response to the defendants' argument, asserts that the invoices were unknown to the plaintiff's officers and employees before they were discovered. In addition, plaintiff states that the invoices were found by accident in a storage area in which the records would not ordinarily be expected to be found. Furthermore, plaintiff alleges that the invoices were not necessary to the Court's decision on the issue of public use.

With regard to the depositions of Harris, Cook and Happer, plaintiff asserts that the defendant Hug contacted each person prior to their deposition to refresh their memories. Further, TP claims that the defendants' intention in taking the depositions was

to amass evidence of public use of the patented C's or seating springs and that they were unsuccessful in doing so because the device was experimental and secret. Plaintiff also attempts to discredit their testimony by stating that they all swore that all positioners going to Kesling & Rocke were charged for when, in fact, one invoice demonstrates that there was no charge for an experimental positioner. Finally, plaintiff asserts that defendants' conduct in discovery delayed the progress of this case.

The Court has reviewed all of the pertinent discovery documents and testimony regarding the defendants' request for attorney's fees. On the basis of this review, the Court must conclude that the defendants have failed to demonstrate that this was an exceptional case under 35 U.S.C. § 285.

Although the abuses of discovery present in the record are serious, they are not as serious as the abuses in L.F. Strassheim Corp. v. Gold Medal Folding Furniture Co., 477 F.2d [sic] at 824. In L.F. Strassheim, the defendants failed to investigate the timeliness of its patent application and failed to turn over documents which clearly and convincingly demonstrated that their patent was invalid. If plaintiff in Strassheim had the documents it requested, it never would have had to go to trial or incur any other legal expenses. The failure to turn over the records resulted in an erroneous decision by the district court.

In this instance, the plaintiff's lack of diligence did not result in an erroneous decision, and the evidence was not withheld until after a trial on the merits. The plaintiff's actions delayed and impeded the pro-

gress of the case, but did not totally defeat the fact finding purposes of the trial. Although the Court did not decide the issue of prior sales, the invoices, as defendants suggest, are further evidence of the prior use of the patented device and thus support the Court's decision in that regard. Plaintiff must be held accountable for its lack of diligence and failure to thoroughly search its records, but a finding that this is an extraordinary case under 35 U.S.C. § 285 is not appropriate.

MOTION FOR ATTORNEY'S FEES
UNDER RULE 37(d) OF THE
FEDERAL RULES OF CIVIL
PROCEDURE

As an alternative to the award of attorney's fees under 35 U.S.C. § 285, defendants have requested attorney's fees under Rule 37(d) of the Federal Rules of Civil Procedure. That they did not make this request until

after the trial in this matter does not bar them from making the request now. Airtex Corp. v. Skelly Radiant Ceiling Co., 536 F.2d at 155. The Seventh Circuit in Airtex upheld an award of attorney's fees under rule 37(d) because plaintiff filed evasive and incomplete answers to interrogatories. The Court found that the plaintiff had violated its duty of cooperation and disclosure under the rule and that defendant had not waived any rights to fees even though it made its request for attorney's fees after trial.

Plaintiff argues that sanctions under rule 37(d) are not appropriate in this instance because: (1) the invoices were found accidentally; (2) the invoices were not crucial to the Court's decision; and (3) the plaintiff did not deliberately withhold the records. Defendants have expressed doubt as

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to the motives of the plaintiff and its lack of knowledge of the existence of invoices, and the evidence tends to support their allegations.

Even accepting plaintiff's counsel's statement that the invoices were accidentally found, the Court still finds good cause exists for awarding attorney's fees under Rule 37(d) of the Federal Rules of Civil Procedure. The purpose of the liberal discovery provisions in the federal rules is to ensure that parties will not be surprised by new evidence at trial. The rules also presuppose that each party will make a diligent effort to comply with the requests of the opposing party. When confronted with a claim that certain invoices existed, the plaintiff had a duty to make a thorough search of its records to determine if it had any invoices. Moreover, the testimony of

plaintiff's former employees should have alerted plaintiff to the possibility that its officers and present employees were mistaken in their denials of the existence of such invoices. It is important to remember that plaintiff's officers not only denied the present existence of the invoices, but they denied that any invoices were ever created. Rather than conducting a further search for the records after these depositions, plaintiff did nothing.

As the discovery of the records was accidental so was its fortuitous that the invoices were not crucial to the Court's resolution of the case. Plaintiff's failure to conduct a thorough search of its records in light of the conflicting deposition testimony and the Court's discovery order is a violation

of the purpose and spirit of the discovery rules.

Therefore, the Court finds defendants are entitled to attorney's fees and expenses for the depositions of Harris, Cook, and Happer, as well as the depositions of James Schultz, Mary Cleveland, Linden Wulf, Jean Squires, Melvin Myers, Warren Anderson and Peter Kesling, all taken on December 12, 1976. In addition, defendant is entitled to attorney's fees and expenses for its motion for extension of time for discovery filed on September 13, 1976, for its interrogatories filed on October 18, 1976 and November 24, 1976 and for its requests for admissions dated October 18, 1976 and December 30, 1976. All of these items of discovery were necessitated by the plaintiff's failure to make a thorough search of its records earlier. Defendants are

hereby ordered to file a detailed affidavit of the time spent on these items of discovery and the expenses incurred with the Court within 20 days of this order. Plaintiff may respond within 10 days thereafter.

HARASSMENT COUNTERCLAIM

Defendants contend that the Court should await a decision by the Court of Appeals for the Seventh Circuit before deciding their counterclaim for harassment. Defendants, however, also urge the Court to make a ruling regarding noninfringement of the patented device before any appeal is taken. Plaintiff, in response, asserts that defendants have no counterclaim for harassment or malicious prosecution because there has been no decision in their favor yet. Furthermore, plaintiff contends that the defendants' first counterclaim

does not state any cause of action for harassment or malicious prosecution or abuse of process. It also urges the Court to rule on the infringement issue.

The Court need not resolve any of these questions at this juncture. If any decision is necessary, it is best postponed until after any appeal of the Court's holding that the patent in suit is [sic] invalid. If that holding is upheld, the Court may have to reach the infringement issue. It is also possible, however, as plaintiff suggests, that defendants have not pleaded a counterclaim for malicious prosecution or harassment. In that event, the Court will not have to reach the infringement issue in this case. If the Court's decision is overruled, then the infringement issue will be decided in due course.

In summary, plaintiff's motion to vacate the Court's decision of March 14, 1980 is denied. Defendants' motion for attorney's fees under 35 U.S.C. § 285 is also denied. Finally, defendants' request for attorney's fees and expenses under Rule 37 of the Federal Rules of Civil Procedure is granted.

SO ORDERED this 10th days of June, 1981,
at Milwaukee, Wisconsin.

Robert W. Warren
United States District Judge

